

**Illinois Department of Revenue
Regulations**

Title 86 Part 130 Section 130.1901 Addition Agents to Plating Baths
--

TITLE 86: REVENUE
PART 130
RETAILERS' OCCUPATION TAX

SUBPART S: SPECIFIC APPLICATIONS

Section 130.1901 Addition Agents to Plating Baths

- a) Various chemical compounds and addition agents are added to plating baths in order to improve the finished product, make the process more economical, make the process faster, improve anode corrosion, lower the surface tension, aid in maintaining constant pH, sequester impurities, remove impurities, or, in fact, make the process operative.
- b) These addition agents are divided into two main types. Sales, to manufacturers, of Type I agents are exempt. Sales, to manufacturers, of Type II agents are taxable.
- c) Type I (Exempt): Products which are added to the bath for the purpose of actually modifying the deposit by changing some characteristic such as brightness, smoothness, grain size, hardness, ductility or tensile strength. These products function in whole or in part by codeposition or absorption into the deposit.
- d) To qualify as a Type I product, a compound must meet the following two requirements:
 - 1) The addition agent must be purchased to modify, and must modify, the end product by improving some desirable physical characteristic of the deposit, such as brightness, grain size, hardness, ductility, smoothness or tensile strength; and
 - 2) a measurable part of the product must become a part of the end product as established by:
 - A) Chemical or physical analysis indicating some degree of codeposition or absorption in the plated deposit; or
 - B) Addition to the baths in proportion to ampere hours passed through the plating solution.
- e) Even if products do not meet all of the criteria set forth in subsections (d)(1) and (2) of this Section, sales of Type I products that are incorporated into the end product may nonetheless qualify as sales for resale (see Section 130.1405 of this Part for the documentation required to claim resale). If such products do not qualify as sales for resale, such products may also qualify for exemption as Manufacturing Machinery and Equipment (see Section 130.330 of this Part).
- f) Type II (Taxable): Products which are added to the bath for purposes other than those

of Type I compounds. In this category are those products of which the primary function is to improve the plating process by altering the surface tension, suppressing fumes, controlling pH, buffering the solution, acting as a catalyst, acting as a purifier, improving anode efficiency, or acting as a complexing agent.

- g) The following test shall be conducted by either a disinterested laboratory or a State of Illinois monitored plating industry laboratory to determine whether or not a product, or an identifiable part thereof, fulfills the following two requirements and, therefore, qualifies as a Type I product.
 - 1) Prepare a plating solution in a plating test cell without the addition agent in question. Plate a panel. Repeat after adding each of the additional agents, or components comprising a Type I product in the order recommended by the manufacturer. Repeat again after several different number of ampere hours. Make a second addition of each addition agent or component comprising the alleged Type I product to the test cell and run respective final panels. In those cases where an addition agent system is comprised of more than one product to be used in conjunction, a separate test shall be run on each product.
 - 2) If the brightness or some other physical property is improved after the initial respective charges of addition agents or components comprising the alleged Type I product then tends to approach the original condition after the passage of several ampere hours of current and finally is charged again by second respective charges of addition agents or components comprising the product, it can be assumed that the respective addition agents or components comprising the product are being consumed on an ampere hour basis and are being codeposited.
- h) Caution: For reasons of convenience and economics, products of Type I and Type II are often combined; the burden is on the taxpayer to show that a particular component qualified as a Type I product and is, therefore, exempt.

(Source: Amended at 24 Ill. Reg. 15104, effective October 2, 2000)